

**SUBMISSION COVER SHEET**

**IMPORTANT:** Check box if Confidential Treatment is requested

Registered Entity Identifier Code (optional): 16-080

Organization: New York Mercantile Exchange, Inc. ("NYMEX")

Filing as a:  DCM  SEF  DCO  SDR

Please note - only ONE choice allowed.

Filing Date (mm/dd/yy): July 11, 2016 Filing Description: Amendments to the Henry Hub Natural Gas Futures Contract

**SPECIFY FILING TYPE**

Please note only ONE choice allowed per Submission.

**Organization Rules and Rule Amendments**

- Certification § 40.6(a)
- Approval § 40.5(a)
- Notification § 40.6(d)
- Advance Notice of SIDCO Rule Change § 40.10(a)
- SIDCO Emergency Rule Change § 40.10(h)

**Rule Numbers:**

**New Product**

Please note only ONE product per Submission.

- Certification § 40.2(a)
- Certification Security Futures § 41.23(a)
- Certification Swap Class § 40.2(d)
- Approval § 40.3(a)
- Approval Security Futures § 41.23(b)
- Novel Derivative Product Notification § 40.12(a)
- Swap Submission § 39.5

**Product Terms and Conditions (product related Rules and Rule Amendments)**

- Certification § 40.6(a)
- Certification Made Available to Trade Determination § 40.6(a)
- Certification Security Futures § 41.24(a)
- Delisting (No Open Interest) § 40.6(a)
- Approval § 40.5(a)
- Approval Made Available to Trade Determination § 40.5(a)
- Approval Security Futures § 41.24(c)
- Approval Amendments to enumerated agricultural products § 40.4(a), § 40.5(a)
- "Non-Material Agricultural Rule Change" § 40.4(b)(5)
- Notification § 40.6(d)

Official Name(s) of Product(s) Affected: Henry Hub Natural Gas Futures

Rule Numbers: Chapter 220

July 11, 2016

**VIA ELECTRONIC PORTAL**

Mr. Christopher J. Kirkpatrick  
Office of the Secretariat  
Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21st Street, N.W.  
Washington, D.C. 20581

**Re: CFTC Regulation 40.6(a) Certification. Notification Regarding Amendments to the  
Henry Hub Natural Gas Futures Contract.  
NYMEX Submission No. 16-080**

Dear Mr. Kirkpatrick:

New York Mercantile Exchange, Inc. (“NYMEX” or “Exchange”) is notifying the Commodity Futures Trading Commission (“CFTC” or “Commission”) that it is amending Rule 220104. (“Delivery”) of the Henry Hub Natural Gas Futures contract (the “Contract”) effective on July 26, 2016. The Exchange is adding language which is intended to clarify the existing industry practice that physical delivery of the Contract is performed by either physical flow or displacement at the point of delivery or through Intra Hub Transfer.

According to the FERC Gas Tariff of Sabine Pipe Line as filed with the Federal Energy Regulatory Commission<sup>1</sup>, Sabine shall “schedule” capacity giving priority to (1) nominations with a flow direction opposite of the physical flow direction in the pipeline section since these nominations potentially create capacity in the pipeline section, followed by (2) nominations for firm transportation service, then (3) nominations for interruptible transportation service. The term “scheduling” refers to the allocation of “available capacity” (or the quantitative ability of Sabine’s existing system to provide immediate maximum gas transportation service) on Sabine’s system during each nomination cycle.

Displacement (or backhaul capacity) occurs by counter flow scheduling. As noted above, delivery of natural gas by displacement is not only a standard and integral part of the natural gas pipeline system delivery but it is given scheduling priority ahead of natural gas nominations for firm and interruptible transportation services. Delivery of natural gas by displacement is a daily occurrence in pipeline delivery operations and at the Henry Hub.

Henry Hub also offers an intra-Hub tracking and transfer service, a form of in-system title transfer and documentation, to accommodate trading and delivery needs of its customers. This service, which is offered by Sabine Hub Services Company, a non-federal jurisdictional subsidiary of EnLink Midstream, enhances the natural gas trading environment for producers, marketers, and end-users with respect to meeting their physical and financial requirements.

The Contract is listed for trading on CME Globex and for submission for clearing through CME ClearPort.

The affected contract, along with the associated code, and rulebook chapter number are provided below.

<b>Contract</b>	<b>Rule Chapter</b>	<b>Code</b>
Henry Hub Natural Gas Futures	220	NG

<sup>1</sup> <http://www.gasnom.com/ip/sabine/ipindex.cfm>; Section 7.6.2 (“Scheduling of Pipeline Section Capacity”) (p. 42)  
300 Vesey Street New York, NY 10282 T 212 299 2200 F 212 299 2299 christopher.bowen@cmegroup.com cmegroup.com

Appendix A provides Rule NYMEX Rule 220104. in blackline format, with **bold underline** indicating insertion.

The Exchange reviewed the designated contract market core principles (“Core Principles”) as set forth in the Commodity Exchange Act (“CEA” or “Act”) and identified that the amendments may have some bearing on the following Core Principles:

- Availability of General Information: The Exchange will publish information on the change via a Special Executive Report (“SER”) to notify the marketplace of this amendment. The SER will also be available on the CME Group website.
- Daily Publication of Trading Information: The Exchange shall make public daily information on settlement prices, volume, open interest, and opening and closing ranges for actively traded contract on the contract market.
- Execution of Transactions: The product is listed for trading on CME Globex and for clearing through the CME ClearPort platform.

Pursuant to Section 5c(c) of the CEA and CFTC Regulation 40.6(a), the Exchange hereby certifies that the action described in this submission complies with the Act, including regulations under the Act. There were no substantive opposing views to this proposal.

The Exchange certifies that this submission has been concurrently posted on the Exchange’s website at <http://www.cmegroup.com/market-regulation/rule-filings.html>.

Should you have any questions concerning the above, please e-mail [CMEGSubmissionInquiry@cmegroup.com](mailto:CMEGSubmissionInquiry@cmegroup.com) or contact the undersigned at (212) 299-2200.

Sincerely,

/s/ Christopher Bowen  
Managing Director and Chief Regulatory Counsel

Attachment: Appendix A – Amendments to NYMEX Rule 220104. (“Delivery”) (blackline format)

## **APPENDIX A**

NYMEX Rulebook

Chapter 220  
Henry Hub Natural Gas Futures

(**underline** indicates addition)

### **220104. DELIVERY**

Delivery shall be made free-on-board ("F.O.B.") at the buyer's interconnection point at the Henry Hub. Delivery shall be made in accordance with all applicable Federal executive orders and all applicable Federal, State and Local laws and regulations. Delivery shall have occurred when product passes through the buyer's interconnection point **via physical flow or displacement**, at which time the buyer shall bear the risk of loss. **For purposes of this Rule, Intra Hub Transfer ("IHT") service at the Henry Hub is recognized as an acceptable buyer interconnection point.**

The seller shall provide natural gas which is free from all liens, encumbrances, unpaid taxes, fees and other charges.